

REDACTED

## REVIEW OF THE IT ASSET REGISTER



### FINAL INTERNAL AUDIT REPORT CORPORATE SERVICES

#### REVIEW OF THE IT ASSET REGISTER

**Issued to:** Director of Corporate Services  
Director of Finance  
Head of Information System Services  
IT Contract and Operations Manager  
Head of Information Management

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**Reviewed by:** Head of Audit and Assurance

**Date of Issue:** 28 January 2022

**Report No.:** CEX/01/2021

## REVIEW OF THE IT ASSET REGISTER

### INTRODUCTION

1. This report sets out the results of our audit of the IT asset register. The audit was carried out as part of the work specified in the 2021-22 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be addressed by management.
2. The contract framework agreement with the Council's IT contractor states that '*the Service Provider shall .... at all times during the Term, maintain an up-to-date register in a form agreed with the Authority which details all Assets used in the provision of the Services.*'
3. There is a Key Performance Indicator (KPI) in the contract framework agreement relating to asset management and the inventory accuracy of hardware and/or software. It was frozen during the pandemic but has now been lifted.
4. The Council's IT contractor has informed us that, in future, the IT asset register will move to a new asset management system which, unlike now, will have customer access.
5. We would like to thank all staff contacted during this review for their help and co-operation.

### AUDIT SCOPE

6. The original scope of the audit was outlined in the Terms of Reference. The key risks identified were:
  - Responsibility for the recording and management of IT assets may not be defined, documented and formally designated. An IT asset management policy may not be in place, up-to-date and available to all staff.
  - The IT asset register may not be updated to record detailed records of all hardware, software and other IT asset acquisitions, modifications and lost equipment.
  - The IT asset register may not be adequately maintained and reviewed periodically.
  - IT assets disposed of may not be deleted from the IT asset register. Council data may not be erased from returned/old equipment before disposing of it. Destruction certificates may not be provided by the designated contractor.

N.B. Due to the COVID-19 pandemic, items of IT equipment have not been disposed of since January 2020. We were unable therefore to test the disposal process and confirm that destruction certificates had been provided by the contractor.

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### AUDIT OPINION

7. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Limited Assurance	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
1	4	0

### SUMMARY OF FINDINGS

8. The IT contract framework agreement specifies the Council's IT contractor's responsibility for the recording and maintaining of an IT asset register. Two of the Council's IT policies state the personal responsibility of Council employees for any IT equipment issued, however the Council does not have its own overarching IT asset management policy or accompanying IT asset management procedures in place. These should clearly define the respective roles and responsibilities of the Council and the Council's IT contractor.
9. Our audit testing identified that the information recorded on the IT asset register register is not up-to-date, accurate or complete. The IT department do not have access to the asset register maintained by the Council's IT contractor. The monthly information reports run from it by the Council's IT contractor are not 'user friendly' with categories of information set out across 32 different headings. We found that the information is not reviewed periodically by the IT department e.g. to confirm that purchases of IT items have been added to it accurately and to identify any anomalies of information recorded in the register.
10. We were unable to find 17 out of our sample of 20 items shown on the register as being in storerooms. This was mainly because the storerooms had large numbers of 'old' laptops and desktops stacked high on trolleys or shelves, making it extremely difficult to identify our

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sample items. Whilst we acknowledge that the Covid-19 pandemic has resulted in unused items being stored for longer than expected, it is unclear which of the items in storage are due to be re-used in future and which are due to be disposed of.

11. The IT department and the Council's IT contractor have started to carry out their own checks to confirm the current location and user of IT items shown on the IT asset register. With employees continuing to work from home, physical inspections are not possible and alternative ways of obtaining and checking this information are being trialled. Their checks have revealed numerous anomalies in the accuracy and completeness of the information recorded on the IT asset register. We are aware that the Council's IT contractor is putting in place an Action Plan to address the findings arising from our audit and it will include confirming with all staff the details of the assets which they currently hold.
12. Access to the IT equipment held in secure storage is restricted to a limited number of employees of the Council and the Council's IT contractor. IT equipment is tagged with an asset tag when issued to an employee, but not when originally received from the supplier and held in storage until issue.
13. The Council's IT contractor invoices the Council each month for services provided under the framework agreement. As part of this, the Council is charged per item for desktops, laptops and ipads supported by the Council's IT contractor and in use. Due to errors in the categories of assets recorded on the IT asset register, the total numbers of items charged each month is derived from information from the Microsoft System Configuration Console. We asked the IT Contract and Operations Manager if it would be possible to see the MSCC totals to confirm what we had been charged but we were told that it would not be possible to provide it.

## DETAILED FINDINGS / MANAGEMENT ACTION PLAN

14. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

**1. IT asset register****Finding**

Our testing identified that the information recorded in the IT asset register is not up-to-date, accurate or complete. Separately, the IT department and the Council's IT contractor have started to carry out their own checks which have also revealed anomalies in the accuracy and completeness of the information recorded on the IT asset register.

The asset register information provided to the IT department by the Council's IT contractor is in the form of an Excel spreadsheet of detailed records. There are 32 headings for different categories of information and the way the information is presented lacks clarity e.g. one of the site locations for assets recorded in the register is named 'LBB-Unknown' and another is 'Main Stores (Lodge)' but that building has not been used to store IT equipment for at least two years. We noted that for nine entries the allocated asset user is shown as 'Students' with the name of a Council employee alongside it.

In one of the storerooms, we found a new ipad which had been asset tagged and was waiting to be collected, but when we checked the asset number against the details recorded on the asset register, it showed the item as a laptop allocated to a member of the Council's IT contractor's team. Subsequent enquiries revealed that, due to a transposition of numbers, the wrong asset had been updated on the asset register.

During our visit to the storerooms, there were five laptops which were seen stored on shelves in the storerooms but only one had its location correctly recorded on the asset register. We also identified three laptops with asset tags (tag numbers 02027253, 0207371 and 020373) which we could not find an entry for on the IT asset register.

**Risk**

Management is not fully aware of what IT assets the Council holds or their whereabouts. Discrepancies relating to the IT asset register are not identified and resolved promptly, with misplaced assets not being identified and recovered.

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<u>Recommendation</u>	<u>Rating</u>
<p>Management should put appropriate procedures and controls in place to enable them to gain assurance that the information recorded in the IT asset register by the Council's IT contractor is accurate, complete and up to date. This should include:</p> <ul style="list-style-type: none"> <li>(i) specifying to the Council's IT contractor what detailed information should be recorded, how it should be categorised and what management information is required and when,</li> <li>(ii) carrying out, periodically, an independent review of the information recorded in the register to identify any gaps in information or inaccuracies and confirming that assets purchased have been correctly added to the register.</li> </ul>	Priority 1
<u>Management Response and Accountable Manager</u>	<u>Agreed timescale</u>
<p>Covid-19 hit as the Council's IT contractor was starting the roll out of Windows 10 and Office 365. The whole project was planned with an on-site appointment-based approach. This was switched rapidly to a remote approach with the project team having limited time to prepare a large number of machines in order to help support Bromley Council users to work remotely, access to site due to lockdown rules was limited and time on-site was focused on key activities. Business as usual processes may have been overlooked during this period, causing some of the asset tracking data/stock control issues identified by the audit.</p> <p>The Council's IT contractor acknowledges however that this does not mitigate all of the issues found and as such have responded with a full end to end review of its processes, work instructions and accuracy of data to ensure confidence is restored in their ability to deliver the service they pride themselves on. The high-level view of actions taken includes:</p> <ul style="list-style-type: none"> <li>• A simple interactive survey of all LBB users by the Council's IT contractor to capture their latest data for all devices held (mobile/laptop/ipad/desktop pc).</li> </ul>	31 March 2022 (for all actions required)

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- A new audit process by the Council's IT contractor to ensure the data is monitored and reflected in the asset management SLA reported each month within the Council's IT contractor's service review. This audit will include both the database and the physical stock rooms.
- Lack of clarity on the reporting of assets – the Council's IT contractor has moved out of the NAMS system (Old Asset Management System) to a new BFG platform (New Asset Management System). The Council's IT contractor will seek to review the current reporting that comes from BFG and work with LBB to ensure it is clear, understood and headers that hold no value are removed to enable a clearer view of assets.
- Stock rooms have been audited by the Council's IT contractor and all rooms have been cleared of items for disposal, tidied and given defined area for allocation of different types of stock (new, retired, disposal etc).
- All assets that are held within a stock room are under control of the Council's IT contractor (please note that LBB hold some items here that are not under control of the Council's IT contractor) have been asset tagged and added to the asset register. This is now a standard process for all new items before they get added to the stock room.

During the Council's IT contractor's audit they confirm that no devices have been found to be unaccountable for. They did find that a number of devices had been marked up incorrectly on the asset tracker causing confusion during the audit process. This has been rectified, and the root cause of why has been rectified.

In future, we will carry out periodically, as part of contract monitoring, a review of the information recorded in the register to identify any gaps in information or inaccuracies. A check will also be made to confirm that assets purchased have been correctly added to the register.

Accountable Manager - IT Contract and Operations Manager

**REVIEW OF THE IT ASSET REGISTER****DETAILED FINDINGS AND ACTION PLAN****APPENDIX A****2. IT asset management policy and procedures****Finding**

The contract framework agreement with the Council's IT contractor states the responsibility of the Council's IT contractor to maintain an IT asset register and the Corporate Information Security Policy and User Guidance for iPads and mobile phones state the personal responsibility of Council employees for any IT equipment issued. The Council does not however have its own overarching IT asset management policy or accompanying IT asset management procedures in place which details the processes in place, together with roles and responsibilities of the Council and IT.

**Risk**

Without regularly reviewed and updated policies and procedures, which are readily available, employees may not fully understand their responsibilities concerning IT asset management, leading to errors in operational processes and actions not being carried out.

**Recommendation**

An IT asset management policy should be introduced, with accompanying procedures for managing IT assets. This could include security of assets, responsibility and accountability if items are damaged, lost or stolen, depreciation of assets and asset disposal arrangements.

**Rating****Priority 2****Management Response and Accountable Manager**

We will introduce an overarching IT asset management policy for the Council, with accompanying procedures for managing IT assets. Accountable Manager - IT Contract and Operations Manager

**Agreed timescale**

31 March 2022

**REVIEW OF THE IT ASSET REGISTER****DETAILED FINDINGS AND ACTION PLAN****APPENDIX A****3. Security of assets before they are allocated to employees****Finding**

During our visit to one of the secure storerooms we identified five new laptops which had been purchased as part of the Windows 10 IT re-fresh roll out, but which had not yet been allocated. They were in their boxes but had not been included on the asset register because they had not yet been asset tagged.

We also saw streaming/video equipment which had been purchased in July 2021 at a cost of £6,932. It was stored securely in a locked training room but had not been asset tagged or recorded on the asset register.

Two other recent purchases of IT assets which we sampled could not be examined; a printer located in a locked office where the team was working off site and a desktop which the invoice description on Oracle indicated was for the evaluation unit, but which could not be located.

**Risk**

An item may not be identifiable as Council property if it is stolen or misplaced without being tagged. Valuable and portable items which are not tagged may be more susceptible to the risk of theft.

**Recommendation**

Management should ensure that all attractive, valuable, and portable items are tagged as soon as they are received from the supplier and are recorded on the asset register before they are issued to an employee.

**Rating**

Priority 2

**Management Response and Accountable Manager**

All assets that are held within a stock room are under control of the Council's IT contractor have been asset tagged and added to the asset register (please note that the Council IT team hold some items here that are not under control of the Council's IT contractor). This is now a standard process for all new items before they get added to the stock room. Accountable Manager - IT Contract and Operations Manager

**Agreed timescale**

Implemented

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**4. Identifying and separating those assets which will be re-used and those assets which will be disposed of.****Finding**

Our testing of a sample of items whose location on the register was shown as a storeroom found that 17 out of 20 items recorded as 'stock' or 'retired' could not be verified. This was mainly because two of the storerooms visited had a significant number of laptops and desktops stacked high on trolleys and shelves with the asset tag numbers not visible, making it extremely difficult to find items in our sample. No disposals of equipment have taken place since the start of the Covid-19 pandemic. It was unclear which of these items in storage had been earmarked to be re-used and which ones were waiting to be disposed of.

**Risk**

A re-usable asset may be disposed of inadvertently, leading to a loss to the Council and a cost in replacing that asset.

**Recommendation**

Management should ensure that those assets which may be re-used in future are identified, earmarked and separated from those assets which are no longer required and are due to be disposed of.

**Rating**

Priority 2

**Management Response and Accountable Manager**

Stock rooms have been audited by the Council's IT contractor and all rooms have been cleared of items for disposal, tidied and given defined area for allocation of different types of stock (new, retired, disposal etc).

**Agreed timescale**

Implemented

During the Council's IT contractor's audit, they confirmed that no unaccountable devices had been found. They did find that a number of devices had been marked up incorrectly on the asset tracker causing confusion during the audit process. This has been rectified, and the root cause of why has been rectified. Accountable Manager - IT Contract and Operations Manager

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**5. Reconciliation of monthly consumption data charge****Finding**

The Council's IT contractor invoices the Council each month for services provided under the framework agreement. As part of this, the Council is charged per item for desktops, laptops and ipads as a consumption charge if the item is active. The monthly charge varies depending on whether or not the item is in or out of warranty e.g. laptop in warranty £24.09, laptop out of warranty £33.46.

The IT Contract and Operations Manager told us that due to the inaccuracy of the information recorded on the IT asset register, the asset information totals on the invoice are derived from the Microsoft System Configuration Console (MSCC) run by the Council's IT contractor, which identifies items which are active. These totals are confirmed by the Client Services Manager from the Council's IT contractor during discussions about the invoice prior to payment. We were unable however to see any documented evidence of the information used to verify the monthly consumption data charge for IT assets included on the invoice.

**Risk**

The Council may be incorrectly charged by the Council's IT contractor each month if the monthly billing information derived from the details of desktops, laptops and tablets is not accurate and verifiable.

<b><u>Recommendation</u></b>	<b><u>Rating</u></b>
Management ensures that in future the monthly consumption charge paid to the Council's IT contractor is based on accurate IT asset information, which can be verified from supporting documentary evidence.	Priority 2
<b><u>Management Response and Accountable Manager</u></b>	<b><u>Agreed timescale</u></b>
The report is now added to the backing data. Accountable Manager - IT Contract and Operations Manager	Implemented

**Assurance Level**

<b>Assurance Level</b>	<b>Definition</b>
<b>Substantial Assurance</b>	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
<b>Reasonable Assurance</b>	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
<b>Limited Assurance</b>	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
<b>No Assurance</b>	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

**Recommendation ratings**

<b>Risk rating</b>	<b>Definition</b>
<b>Priority 1</b>	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
<b>Priority 2</b>	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
<b>Priority 3</b>	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.